JOINT COMPANY ANNOUNCEMENT

EAST RAND GOLD AND URANIUM COMPANY LIMITED
EAST DAGGAFONTEIN MINES LIMITED

(Both of which are incorporated in the Republic of South Africa)

THE TREATMENT OF CERTAIN SLIMES DAMS ON THE FAR EAST RAND AND THE ERGO TAILINGS DAM

In statements published in the Press on March 9, 1983 shareholders of both companies were informed that East Rand Gold and Uranium Company Limited (Ergo) was to investigate East Daggafontein Mines Limited's (East Dagga's) proposal that an undertaking, involving the treatment of certain of both parties' slimes reserves, might be of benefit to the two companies.

Ergo's investigation was to take the form of a four month pilot plant and laboratory test work programme on the particular slimes reserves on the Far East Rand to assess the overall viability of the scheme. The results obtained confirm that the proposed project is viable and the companies have therefore entered into a preliminary agreement, the solient features of which are outlined below.

A carbon-in-leach (CIL) plant with a capacity of approximately 1,000,000 tons per month (tpm) will be erected on the Far East Rand to produce gold from approximately 150 million tons of slimes averaging 0.235 grams per ton recovered. The total operating cost is forecast to be R1.91 per ton treated, in April 1983 money terms, which equates to a cost of production of R8,128 per kilogram of gold ($233 per ounce at R1=$0.92). Where possible, the highest grade dams will be processed first. In due course the plant will be extended to incorporate a flotation process to treat a further 140 million tons of lower gold content material and the pyrite recovered will be transported to the existing Ergo plant for the recovery of gold, uranium and sulphur. The proposed plant on the Far East Rand has been planned in this manner to save capital expenditure and to take account of the future pyrite requirements of the Ergo plant and the anticipated improvement in the uranium market in the 1990's. It is expected that the CIL plant on the Far East Rand will be commissioned during the first half of 1986.

The existing Ergo tailings dam will also form part of the project reserves. This dam will comprise 125 million tons at an in situ grade of 0.39 grams of gold per ton when Ergo ceases depositing on it at the end of 1984. It will be treated either through an 800,000 tpm CIL plant to be erected adjacent to it in the late 1980s or at the Ergo plant in the late 1990s.

The total tonnage of the reserves available to the project is 415 million tons which is slightly lower than the previously published figure of approximately 450 million tons, due to a reassessment of the material contained in the dams.

Ergo will construct and manage the plants. The initial capital outlay will be of the order of R83 million, in April 1983 money terms, which comprises an amount of R72 million for the CIL plant on the Far East Rand and R11 million which is required for a new slimes deposition dam to preserve the Ergo tailings dam from dilution by current arisings after the end of 1984. The after-tax cost will be approximately R28 million and will be funded equally by Ergo and East Dagga.

East Dagga will receive an amount equal to half of the benefit arising from the project.

Further announcements with respect to the financing arrangements will be made by both companies in due course. Copies of this announcement are being posted to all members of both companies.

By order of the boards

EAST RAND GOLD AND URANIUM COMPANY LIMITED
G. Langton, Chairman.
W. R. Lawrence, Managing Director.

EAST DAGGAFONTEIN MINES LIMITED
A. H. Lundin, Chairman.
C. I. von Christierson, Director.

Johannesburg, 1st July 1983.

Reprint of the joint company announcement
published in U.K. and South African newspapers on 2nd July 1983.